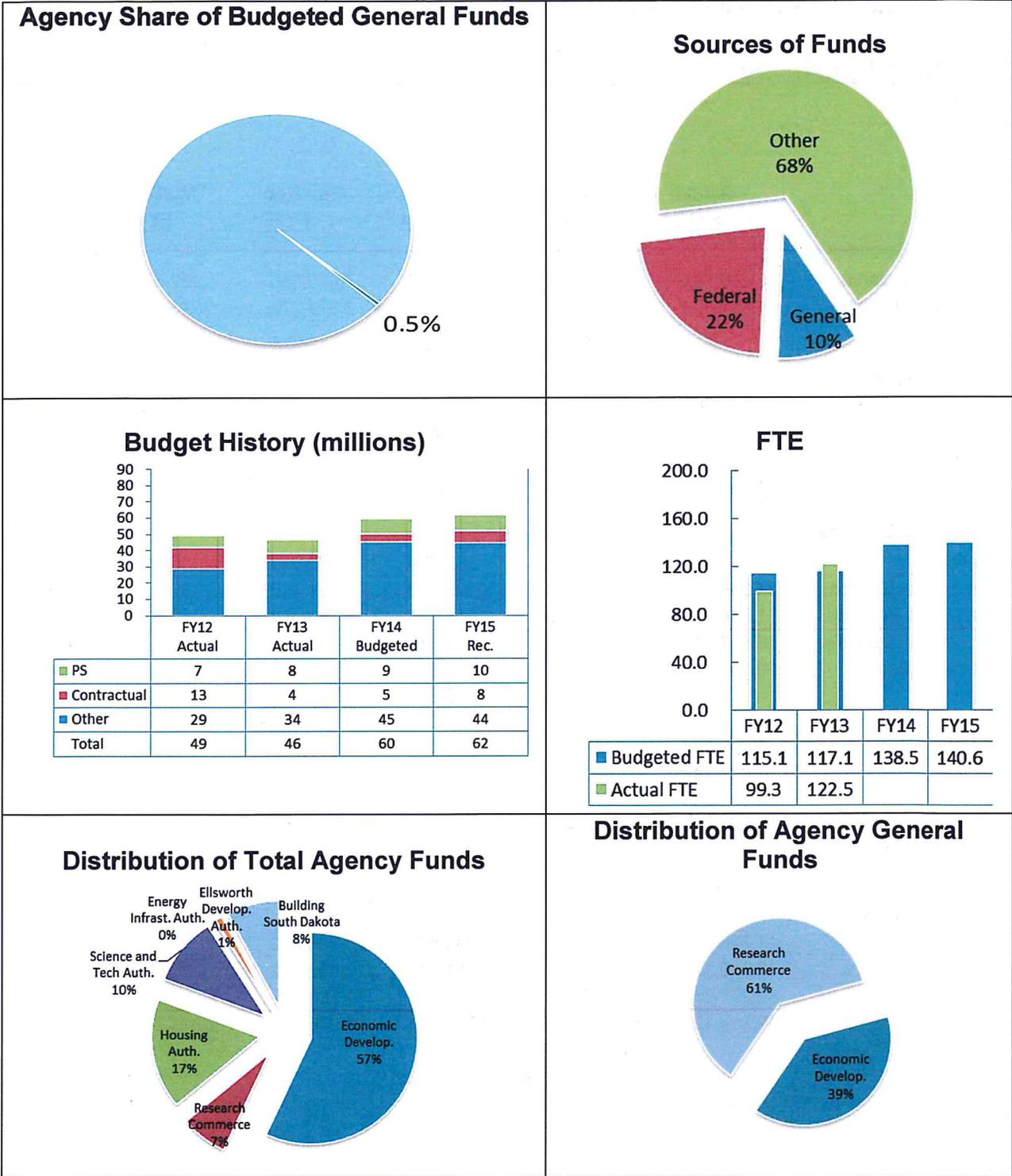


# FY15 Budget Briefing

## Governor's Office of Economic Development

Information contained in this document is based on the Governor's original recommended FY15 budget.  
This document may not correspond with the FY15 budget adopted by the Legislature.



## Key Personnel

- Pat Costello, Commissioner
- Mike Headley, Executive Director Science and Tech. Authority
- Scott Landguth, Executive Director Ellsworth Development Authority
- Marty Davis, Finance Officer
- Mark Lauseng, Executive Director Housing Development Authority.

## Department Total

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Rec % Change Inc/Dec FY15	From FY2014
<b>Personal Services</b>						
Employee Salaries	5,616,761	6,473,073	7,314,309	7,476,958	162,649	2.2%
Employee Benefits	1,841,046	1,952,650	2,059,330	2,273,273	213,943	10.4%
<b>FTE</b>	<b>99.3</b>	<b>122.5</b>	<b>138.5</b>	<b>140.6</b>	<b>2.1</b>	<b>1.5%</b>
<b>Funding Types</b>						
General	1,977,366	1,707,299	1,752,604	1,752,604	0	0.0%
Federal	1,638,420	1,489,258	2,092,828	2,012,755	(80,073)	(3.8%)
Other	3,842,020	5,229,165	5,528,207	5,984,872	456,665	8.3%
<b>Total PS</b>	<b>7,457,806</b>	<b>8,425,722</b>	<b>9,373,639</b>	<b>9,750,231</b>	<b>376,592</b>	<b>4.0%</b>
<b>Operating Expenses</b>						
Travel	655,380	608,148	762,824	779,024	16,200	2.1%
Contractual Services	12,669,012	3,924,693	5,103,142	7,739,415	2,636,273	51.7%
Supplies & Materials	1,664,235	1,023,686	3,158,521	3,160,541	2,020	0.1%
Grants and Subsidies	16,612,018	27,034,941	40,248,516	40,248,516	0	0.0%
Capital Outlay	10,157,675	5,466,838	252,827	252,827	0	0.0%
Other	0	0	657,629	0	(657,629)	(100.0%)
<b>Funding Types</b>						
General	9,751,310	4,531,720	4,530,874	4,535,769	4,895	0.1%
Federal	5,571,750	7,052,546	11,939,016	11,839,404	(99,612)	(0.8%)
Other	26,435,259	26,474,040	33,713,569	35,805,150	2,091,581	6.2%
<b>Total OE</b>	<b>41,758,319</b>	<b>38,058,306</b>	<b>50,183,459</b>	<b>52,180,323</b>	<b>1,996,864</b>	<b>4.0%</b>
<b>Totals</b>						
<b>Funding Types</b>						
General	11,728,676	6,239,019	6,283,478	6,288,373	4,895	0.1%
Federal	7,210,170	8,541,804	14,031,844	13,852,159	(179,685)	(1.3%)
Other	30,277,279	31,703,206	39,241,776	41,790,022	2,548,246	6.5%
<b>Total</b>	<b>49,216,126</b>	<b>46,484,028</b>	<b>59,557,098</b>	<b>61,930,554</b>	<b>2,373,456</b>	<b>4.0%</b>

**Major Expansions and Reductions**

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
<b>Housing Development Auth.</b>					
Insurance Costs			50,000	50,000	-
<b>Science and Tech. Authority -</b> Ross Shaft Rehabilitation			2,109,185	2,109,185	4.6
<b>SD Ellsworth Development Auth.</b>					
Contracted services - FTE & authority reduction		(180,073)	387,673	207,600	(2.5)
<b>Interagency Billing Increase</b>	4,895	388	1,388	6,671	
Total	4,895	(179,685)	2,548,246	2,373,456	2.1

- ✓ See Budget Notes regarding these Expansions and Reductions on the following pages under the various programs.

## GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

The mission of the Governor's Office of Economic Development is to work together with businesses, government organizations, educational institutions, and individual citizens to maximize and leverage public-private sector partnerships to generate new ideas, to develop new businesses, to strengthen existing businesses, and to encourage additional investment in South Dakota to improve the quality of life for all South Dakotans.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec</u> <u>Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	2,005,253	1,734,957	2,105,369	2,105,369	0	0.0%
Employee Benefits	504,464	504,672	558,996	558,996	0	0.0%
<b>FTE</b>	<b>34.1</b>	<b>34.0</b>	<b>40.6</b>	<b>40.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>Funding Types</b>						
General	1,812,289	1,544,706	1,585,319	1,585,319	0	0.0%
Federal	311,535	279,615	503,223	503,223	0	0.0%
Other	385,893	415,308	575,823	575,823	0	0.0%
<b>Total PS</b>	<b>2,509,717</b>	<b>2,239,629</b>	<b>2,664,365</b>	<b>2,664,365</b>	<b>0</b>	<b>0.0%</b>
<b>Operating Expenses</b>						
Travel	310,156	304,778	306,972	306,972	0	0.0%
Contractual Services	10,431,516	789,929	1,055,614	1,062,285	6,671	0.6%
Supplies & Materials	70,547	73,813	79,600	79,600	0	0.0%
Grants and Subsidies	12,939,065	19,265,449	31,175,565	31,175,565	0	0.0%
Capital Outlay	86,606	59,768	5,000	5,000	0	0.0%
<b>Funding Types</b>						
General	6,061,728	842,052	841,206	846,101	4,895	0.6%
Federal	5,070,320	6,492,569	11,159,708	11,160,096	388	0.0%
Other	12,705,842	13,159,115	20,621,837	20,623,225	1,388	0.0%
<b>Total OE</b>	<b>23,837,890</b>	<b>20,493,736</b>	<b>32,622,751</b>	<b>32,629,422</b>	<b>6,671</b>	<b>0.0%</b>
<b>Totals</b>						
<b>Funding Types</b>						
General	7,874,017	2,386,758	2,426,525	2,431,420	4,895	0.2%
Federal	5,381,855	6,772,184	11,662,931	11,663,319	388	0.0%
Other	13,091,735	13,574,424	21,197,660	21,199,048	1,388	0.0%
<b>Total</b>	<b>26,347,608</b>	<b>22,733,365</b>	<b>35,287,116</b>	<b>35,293,787</b>	<b>6,671</b>	<b>0.0%</b>

### Budget Notes

- A. Interagency Billings - Increase of \$4,895 in general funds, \$388 in federal fund expenditure authority, and \$1,388 in other fund expenditure authority.

## State Programs Included in the Office of Economic Development's Budget:

- **State Energy Program** - created in § 1-33B-18 in FY 1983, the Energy Conservation Loan Special Revenue Fund in part contains federal money to be used for the purpose of making loans, leases, or grants for energy conservation. Also included in the fund is money from the Petroleum Violation Escrow (PVE) account, which is money received through oil overcharge lawsuit settlements. Any money in the fund is continuously appropriated.
- **Future Fund** – created in § 61-5-24.2, the Employer's Investment in South Dakota's Future Fund was created for the purpose of funding projects related to research and economic development for the state. It was created in 1987 from a special assessment on wages paid by South Dakota employers. The FY13 ending cash balance was \$46,016,891.
- **Community Development Block Grants (CDBG)** - The federal CDBG Program provides states with annual direct grants, which they in turn award to smaller communities and rural areas for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services.

Since 1974, CDBG has been the major source of annual grant funds for local governments nationwide. Communities can devote these funds to a wide-range of activities that best serve their own particular development priorities; provided that these projects (1) benefit low and moderate-income families, (2) prevent or eliminate slums or blight, or (3) meet other urgent community development needs.

The CDBG program is one of the nation's largest federal grant programs. Traditionally, the largest single use of state CDBG funds has been to provide public facilities. In the last few years, however, the program has been used to stimulate economic development activities that expand job and business opportunities for lower-income families and neighborhoods.

- **Revolving Economic Development and Initiative Fund** – created in § 1-16G-3 in 1987, for the purpose of making loans for economic development. This fund was revised in 2007 to allow for grants as well as loans. The FY13 ending cash balance was \$61,906,252.
- **South Dakota WORKS** – This is a loan program to help South Dakota's small businesses expand. The program is funded by a \$13.2 million grant from the U.S. Treasury Department. It provides small businesses with working capital, startup funds, construction financing, and money for payroll and inventory. The state expects the program will generate at least \$10 in private lending for every \$1 in federal spending. That would mean the \$13.2 million federal grant will support \$132 million in private lending.

Fourteen loans have been approved, \$7.8 million has been allocated, and total project costs total \$74.7 million.

- **South Dakota WINS** – Two years ago, the Governor recommended \$5 million in general funds for the "New South Dakotans" program. This program partners with South Dakota companies to recruit skilled out-of-state workers into the state. The program has gotten off to a slower start than planned, and has expended roughly 20% of the funds. To date, 44 businesses have enrolled in the program, listing over 450 job openings. The program has successfully attracted 131 out-of-state workers who have moved to South Dakota, or are in the process of moving, to accept hard-to-fill positions.

During the Governor's December 2013 Budget Address, the Governor recommended to revert \$4 million of the \$5 million. The \$4 million will be available for re-appropriation. The Governor has introduced SB53 to allocate \$500,000 to the Department of Labor & Regulation's workforce recruitment efforts, including both New South Dakotans as well as Dakota Roots.

- **Proof of Concept Research Projects**— Last year, \$200,000 in Other Fund Authority was appropriated to be used to support "proof of concept" research for innovations and potential products. The funds assist in transitioning the innovations and products to private sector businesses for commercialization.

The Proof of Concepts Fund, with support from the US Small Business Administration FAST program and GOED, provide up to \$25,000 investments for eligible applicants to conduct research demonstrating the technical and economic feasibility of an innovation significantly enhancing the likelihood of commercialization of the innovation.

Eligible applicants for "Proof of Concept" investments include: entrepreneurs, universities, existing South Dakota companies, or other entities committed to commercializing the results in South Dakota. Applications can be submitted at any time. A matching cash or in-kind investment of at least 10 percent of the project cost is required.

An SBA grant was received to jump start the proof of concept investment project. To date, 12 applications have been received and \$165,000 has been awarded to seven projects. Two projects have been completed and the companies will be repaying the funds.

## DIVISION OF RESEARCH COMMERCE

The mission of the Division of Research Commerce is to increase research, development and commercialization for the betterment of South Dakota; provide staff support for the Research and Commercialization Council and coordinate implementation and evaluation of the Council's investments in the state's research and commercialization infrastructure; manage state, federal, (including EPSCoR), and private funds entrusted to this office for the purpose of promoting the development of the state's research infrastructure and knowledge-based economic development through commercialization of innovations, business start-ups, business expansion and attraction of new knowledge-based businesses; and work with private sector partners and organizations to leverage state and federal investments in the South Dakota research and commercialization infrastructure.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	134,371	128,977	134,283	134,283	0	0.0%
Employee Benefits	30,706	33,616	33,002	33,002	0	0.0%
<b>FTE</b>	2.0	2.0	2.0	2.0	0.0	0.0%
<b>Funding Types</b>						
General	165,077	162,593	167,285	167,285	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0.0%
<b>Total PS</b>	165,077	162,593	167,285	167,285	0	0.0%
<b>Operating Expenses</b>						
Travel	5,900	9,114	6,070	6,070	0	0.0%
Contractual Services	6,929	6,586	9,737	9,737	0	0.0%
Supplies & Materials	876	957	910	910	0	0.0%
Grants and Subsidies	3,672,953	3,672,951	4,172,951	4,172,951	0	0.0%
Capital Outlay	2,923	61	0	0	0	0.0%
<b>Funding Types</b>						
General	3,689,582	3,689,668	3,689,668	3,689,668	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	500,000	500,000	0	0.0%
<b>Total OE</b>	3,689,582	3,689,668	4,189,668	4,189,668	0	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	3,854,659	3,852,261	3,856,953	3,856,953	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	500,000	500,000	0	0.0%
<b>Total</b>	3,854,659	3,852,261	4,356,953	4,356,953	0	0.0%

### Budget Notes

There were no recommended increases or decreases.

## SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY

The mission of the South Dakota Housing Development Authority is to provide a fully adequate supply of sanitary, decent, and safe accommodations at rental or carrying charges that such persons can afford; to encourage the investment of private capital; to stimulate the construction and rehabilitation of residential housing; to sell bonds to provide low interest mortgages; and to produce and sell 125 quality homes each year to provide an affordable housing alternative.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	2,942,670	2,796,052	3,296,703	3,296,703	0	0.0%
Employee Benefits	1,180,736	1,052,935	1,052,490	1,102,490	50,000	4.8%
<b>FTE</b>	58.2	57.5	65.0	65.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	1,326,885	1,209,643	1,509,532	1,509,532	0	0.0%
Other	2,796,521	2,639,344	2,839,661	2,889,661	50,000	1.8%
<b>Total PS</b>	4,123,406	3,848,987	4,349,193	4,399,193	50,000	1.1%
<b>Operating Expenses</b>						
Travel	283,153	263,301	407,123	407,123	0	0.0%
Contractual Services	1,811,704	1,999,405	1,536,339	2,193,968	657,629	42.8%
Supplies & Materials	1,445,966	865,160	3,060,631	3,060,631	0	0.0%
Capital Outlay	186,805	190,098	247,827	247,827	0	0.0%
Other	0	0	657,629	0	(657,629)	(100.0%)
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	501,430	559,977	679,308	679,308	0	0.0%
Other	3,226,198	2,757,987	5,230,241	5,230,241	0	0.0%
<b>Total OE</b>	3,727,628	3,317,964	5,909,549	5,909,549	0	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	1,828,315	1,769,620	2,188,840	2,188,840	0	0.0%
Other	6,022,719	5,397,331	8,069,902	8,119,902	50,000	0.6%
<b>Total</b>	7,851,034	7,166,951	10,258,742	10,308,742	50,000	0.5%

### Budget Notes

- A. Increase in employee insurance benefits- There is a \$50,000 increase in other expenditure authority for employees benefits based on anticipated increases in insurance.
- B. \$657,629 transfer of authority – Other fund expenditure authority was moved to contractual services based on expenditures.

## SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

The mission of South Dakota Science and Technology Authority is to foster and facilitate scientific and technological investigation, experimentation, and development by creating a mechanism through which laboratory, experimental, and development facilities may be acquired, developed, constructed, maintained, operated, and decommissioned.

The Sanford Laboratory at Homestake in Lead, S.D., will advance our understanding of the universe and demonstrate the feasibility of the National Science Foundation's proposed Sanford Underground Research Facility (SURF) at Homestake.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	534,467	1,813,086	1,569,823	1,919,052	349,229	22.2%
Employee Benefits	125,139	361,427	409,730	573,673	163,943	40.0%
<b>FTE</b>	5.0	29.0	28.4	33.0	4.6	16.2%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	659,606	2,174,513	1,979,553	2,492,725	513,172	25.9%
<b>Total PS</b>	659,606	2,174,513	1,979,553	2,492,725	513,172	25.9%
<b>Operating Expenses</b>						
Travel	56,171	22,895	28,660	28,660	0	0.0%
Contractual Services	418,862	763,251	2,285,045	3,881,058	1,596,013	69.8%
Supplies & Materials	146,845	82,219	16,180	16,180	0	0.0%
Grants and Subsidies	0	4,096,541	0	0	0	0.0%
Capital Outlay	9,881,341	5,216,912	0	0	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	10,503,219	10,181,818	2,329,885	3,925,898	1,596,013	68.5%
<b>Total OE</b>	10,503,219	10,181,818	2,329,885	3,925,898	1,596,013	68.5%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	11,162,825	12,356,331	4,309,438	6,418,623	2,109,185	48.9%
<b>Total</b>	11,162,825	12,356,331	4,309,438	6,418,623	2,109,185	48.9%

### Budget Notes

- A. Ross Shaft Rehabilitation –** There was an increase in personal services authority and FTE based on anticipated expenditures on the Ross Shaft rehabilitation. There is an increase of 4.6 FTE and some staff changes.

<u>Staff changes:</u>	Current	Requested	Change:
<b>Electricians</b>	1.4	1.0	-.4
<b>Infrastructure Technicians</b>	17	22	+5
<b>Hoist Operators</b>	3	4	+1
<b>Administrative Assistant</b>	1	0	-1
<b>TOTAL Request</b>			<b>+4.6</b>

**The total other authority request is \$2,109,185.**

### Time-line for the Science and Technology Authority

- On February 11, 2004, the Legislature created the Science and Technology Authority and committed \$14.3 million of general funds to the Homestake proposal.
- On October 14, 2005, the Legislature, in a special session, approved \$19.9 million to develop the interim laboratory at Homestake.
- On June 26, 2006, Sioux Falls Banker and philanthropist Denny Sanford announced that he would donate \$70 million to the Science and Technology Authority that would allow for completing laboratory space at the 4,850 foot level, improving hoists and reducing operating costs, as well as pumping out accumulated water. The gift also provided funds for a science education center, as well as funds for preparing the 8,000 foot level. The donation consisted of \$35 million dedicated to rehab to the 4,850 foot level, \$20 million dedicated to education and outreach programs, and \$15 million dedicated to the DUSEL or 8000 foot level.
- On July 10, 2007, the Governor announced that the National Science Foundation (NSF) had selected the former Homestake mine as the site to be developed as the proposed Deep Underground Science and Engineering Laboratory (DUSEL).
- The NSF has indicated their intention to provide \$5 million a year for 3 years to develop a more specific technical design for the laboratory. The NSF committed another \$29.1 million for a preliminary design of the DUSEL.
- In 2010 as part of the General Appropriations Act for FY2011, \$5.4 million was authorized to be transferred from other state funds to the Science and Technology Authority to bridge the anticipated gap in funding needed from December 2010 to May 2011. \$1.5 million from the state aeronautics fund, \$1 million from the tax relief fund, \$2 million from the petroleum release compensation fund, \$400,000 from the private activity bond fees fund, and \$500,000 from the telecommunications fund for the deaf and the telecommunications fund for other disabilities.
- To date the authority has received \$43.0 million in total general fund and other state funds since its inception. Two million in general funds was a FY14 one-time special appropriation. This \$2 million replaced steel in the Ross Shaft. The upgrade enables the underground lab to accommodate the excavations necessary for future experiments, and will extend the lab into the future. The funding accelerates the work that is being undertaken to rehabilitate the Ross Shaft, which is one of the two vertical shafts that gives access to the Davis Campus where both of the major experiments are located.
- December 2, 2010, The National Science Board (NSB) — which must approve large outlays by the NSF — decided to refuse 'bridge funding' of \$29 million. NSF program managers had requested the amount to allow continued development of a design proposal that would in

turn be voted on in 2011. In July 2011, the Department of Energy agreed to fund operations at the Sanford Underground Laboratory during the FY2012, while weighing how to use Homestake's great depth for larger, long-term experiments.

- \$15 million had been committed in the U.S. Department of Energy budget for the federal fiscal year beginning in October 2011. The National Science Foundation continued to fund operations at the Sanford Lab until Congress approved the 2012 budget for the Department of Energy. While the Department of Energy's proposed 2012 budget included \$15 million to fund basic operations at the lab, the congressional continuing resolution prevented the agency from funding what is considered to be new projects until the budget was approved, Sanford Lab officials said. Therefore, since the National Science Foundation funded lab operations in 2011, that agency agreed to continue to pick up the tab until Congress passed the budget for 2012.
- Federal FY12 funding for the lab was approved by Congress and went into effect when the President signed the omnibus bill in December 2011.
- January 2013 – Scientists have been given the Dept. of Energy's approval to move forward with plans for a \$50 million building that will eventually house a neutrino detector in Lead. The Long Baseline Neutrino Experiment is expected to be an \$870 million, multi-phase project. Scientists will shoot a beam of neutrinos from Fermilab, near Chicago, to Kirk Canyon in Lead, where a detector will help scientists study the properties of the subatomic particles.
- The U.S. Department of Energy is looking to find the additional \$135 million to take the Long Baseline Neutrino Experiment detector underground to the 4850 level. If successful, the construction costs at Sanford Lab, to be completed by the DOE would rise to approximately \$300 million. They are looking for both domestic and international participation to accomplish this.
- A new experiment buried deep underground has proven itself to be the most sensitive dark-matter detector ever built. But the first results from the high-tech instrument have turned up empty in its search for elusive dark matter, scientists announced on October 30, 2013. Housed 1 mile (1.6 kilometers) underground, the Large Underground Xenon (LUX) experiment's sensitivity makes it better at seeking out dark Matter than any other detectors built for that purpose. Although the powerful dark matter detector has just completed its first run, LUX has not yet found conclusive evidence of the elusive substance.

The Authority's year-end cash balances, as reported on the state's accounting system, are comprised of the following:

Description	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Operating Funds	\$ 369,672	\$ 677,896	\$ 277,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Indemnification Fund	\$ 10,039,262	\$ 10,264,452	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Mine Closure Fund	\$ 803,141	\$ 1,021,156	\$ 1,046,876	\$ 1,088,989	\$ 1,144,552	\$ 1,197,450	\$ 1,256,881	\$ 1,299,217	\$ 1,329,564
Insurance Premiums	\$ 2,464,480	\$ 2,519,761	\$ 1,974,068	\$ 1,833,411	\$ 1,833,411	\$ 1,068,069	\$ 483,005	\$ -	\$ -
Sanford	\$ -	\$ -	\$ -	\$ 15,000,000	\$ 31,989,683	\$ 18,635,642	\$ 6,886,182	\$ 7,480,743	\$ 4,117,760
Sanford Gift #2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,500,000	\$ 12,500,000	\$ 5,000,000	\$ 20,000,000
Interim Lab	\$ -	\$ 19,887,630	\$ 19,887,660	\$ 19,244,974	\$ -	\$ -	\$ -	\$ -	\$ -
SB 196 Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,356,642	\$ -	\$ -
<b>Total Cash Balance</b>	<b>\$ 13,676,555</b>	<b>\$ 34,370,895</b>	<b>\$ 33,186,365</b>	<b>\$ 47,167,374</b>	<b>\$ 44,967,646</b>	<b>\$ 43,401,161</b>	<b>\$ 33,482,710</b>	<b>\$ 23,779,960</b>	<b>\$ 35,447,324</b>

The following worksheet is Funding Provided, Expenditures, and Cash Balances of Cash Basis Activity on the State's Accounting System from FY 2004 through FY 2013 for the authority:



## SD ENERGY INFRASTRUCTURE AUTHORITY

The South Dakota Energy Infrastructure Authority is created to diversify and expand the state's economy by developing in this state the energy production facilities and the energy transmission facilities necessary to produce and transport energy to markets within the state and outside of the state.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	0	0	21,551	21,551	0	0.0%
Employee Benefits	0	0	5,112	5,112	0	0.0%
<b>FTE</b>	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	26,663	26,663	0	0.0%
<b>Total PS</b>	0	0	26,663	26,663	0	0.0%
<b>Operating Expenses</b>						
Travel	0	0	13,999	13,999	0	0.0%
Contractual Services	0	0	16,407	16,407	0	0.0%
Supplies & Materials	0	0	1,200	1,200	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	31,606	31,606	0	0.0%
<b>Total OE</b>	0	0	31,606	31,606	0	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	58,269	58,269	0	0.0%
<b>Total</b>	0	0	58,269	58,269	0	0.0%

## SD ELLSWORTH DEVELOPMENT AUTHORITY

The South Dakota Ellsworth Development Authority was created to protect and promote the economic impact of Ellsworth Air Force Base and associated industry.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Personal Services</b>						
Employee Salaries	0	0	186,580	0	(186,580)	(100.0%)
<b>FTE</b>	0.0	0.0	2.5	0.0	(2.5)	(100.0%)
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	80,073	0	(80,073)	(100.0%)
Other	0	0	106,507	0	(106,507)	(100.0%)
<b>Total PS</b>	0	0	186,580	0	(186,580)	(100.0%)
<b>Operating Expenses</b>						
Travel	0	8,061	0	16,200	16,200	0.0%
Contractual Services	0	365,522	200,000	575,960	375,960	188.0%
Supplies & Materials	0	1,537	0	2,020	2,020	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	100,000	0	(100,000)	(100.0%)
Other	0	375,120	100,000	594,180	494,180	494.2%
<b>Total OE</b>	0	375,120	200,000	594,180	394,180	197.1%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	180,073	0	(180,073)	(100.0%)
Other	0	375,120	206,507	594,180	387,673	187.7%
<b>Total</b>	0	375,120	386,580	594,180	207,600	53.7%

### Budget Notes

A. There was a reduction of 2.5 FTE and authority since services are contracted.

## BUILDING SOUTH DAKOTA PROGRAM

The Building South Dakota fund was created during the 2013 Session for the purpose of building and reinvesting in South Dakota's economy and to create high quality jobs. The Contractors' excise tax on facilities with project costs exceeding \$20M dollars are deposited into this fund. In addition, 25% of the unclaimed property deposited in the general fund in FY15 is transferred into the Building South Dakota fund. Each year after 50% of the unclaimed property receipts are deposited in this fund. Money from this fund is disbursed for the following purposes: (1) 25% transferred to the local infrastructure improvement grant fund; (2) 15% transferred to the economic development partnership fund; (3) 30% transferred to the workforce education fund; (4) 25% transferred to the South Dakota housing opportunity fund and (5) 5% transferred to the revolving economic development and initiative (REDI) fund for the purpose of making grants to projects that have a total project close of less than \$20M dollars. Each department administering the funds shall report annually to the Government Operations and Audit Committee about the operations and results of the building South Dakota Fund. Included under the Building South Dakota Program are the following informational budgets: REDI Grants (\$350,000), Local Infrastructure Improvement (\$1,750,000), Economic Development Partnership (\$1,050,000) and SD Housing Opportunity (\$1,750,000). These four funds total the \$4,900,000 listed below. The Workforce Education Fund is under the Department of Education.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Rec % Change</u> <u>Inc/Dec</u> <u>FY15</u>	<u>From</u> <u>FY2014</u>
<b>Operating Expenses</b>						
Grants and Subsidies	0	0	4,900,000	4,900,000	0	0.0%
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	4,900,000	4,900,000	0	0.0%
<b>Total OE</b>	0	0	4,900,000	4,900,000	0	0.0%
<b>Totals</b>						
<b>Funding Types</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	0	0	4,900,000	4,900,000	0	0.0%
<b>Total</b>	0	0	4,900,000	4,900,000	0	0.0%

## Other Fund Balances

Company and Fund Name	Blue Book Page			60-Month Average	Lowest Monthly Cash Balance in Past Five Years	
		FY2012	FY2013	Cash Balance	Amount	Month
Company 3016 - Employer's Investment in South Dakota's Future Fund	14	\$ 36,651,599	\$ 46,016,891	\$ 28,430,758	\$ 19,121,340	March 2009
Company 3178 - Energy Conservation Loan Special Revenue Fund	15	\$ 9,774,993	\$ 7,533,031	\$ 7,902,072	\$ 5,074,676	July 2008
Company 3178 - Other	16	\$ 343,147	\$ 520,592	\$ 326,221	\$ 93,427	November 2010
Company 3178 - Ethanol Infrastructure Incentive Fund	17	\$ 742,895	\$ 1,165,588	\$ 323,408	\$ (1,661)	January 2012
Company 3186 - Economic Development Partnership Fund	18		\$ 1,050,000	N/A	N/A	N/A
Company 3187 - Local Infrastructure Grant Fund	19		\$ 1,750,000	N/A	N/A	N/A
Company 3188 - SD Housing Opportunity Fund	20		\$ 2,094,750	N/A	N/A	N/A
Company 6510 - Revolving Economic Development and Initiative Fund	21	\$ 51,219,802	\$ 61,906,252	\$ 43,298,574	\$ 31,282,848	April 2009
Company 6518 - Science and Technology Authority	23	\$ 23,779,960	\$ 35,447,324	\$ 40,098,289	\$ 22,760,960	July 2012
Company 6527 - South Dakota Energy Infrastructure Authority	24	\$ 312	\$ 312	\$ 8,290	\$ 312	June 2009
Company 6529 - South Dakota Ellsworth Development Authority	25	\$ -	\$ -	\$ -	\$ -	July 2008
Company 9012 - Proof-of-Concept Fund	26		\$ 500,000	N/A	N/A	N/A

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

## FY15 One-time Special Appropriation

**Prefunding Building South Dakota:** The Governor is recommending \$30,000,000 in general funds to provide a \$10 million transfer each year to the Building South Dakota fund created by SB235 last session for FY15, FY16, and FY17, thus removing the need for ongoing funding for these years. SB235 requires 25% of the unclaimed property receipts in FY15 and 50% of the unclaimed property receipts in every year thereafter to be deposited into the Building South Dakota fund. If it is pre-funded now, it is protected from future fluctuations in unclaimed property. The funding would be available over the next several years and it will not compete for ongoing dollars with schools and providers during that time.

### **Governor's Proposed Salary Policy**

For FY15, the Governor recommended the state employee compensation plan be distributed from a pool in the BFM. *Therefore, individual agency budgets do not reflect the changes for the compensation plan.*

**Salary policy is not available since data is not broken out for GOED – only have information on the entire Governor's Office.**

- Recommended FY15 - 3.0% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board/Market; 18.6% Health Insurance; Targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs.
- FY14 – 3.5% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board; 3.5%-4% Market Adjustment for Career Banding; 14.7% Health Insurance
- FY13 – 2.5% PACE; up to 7.0% Market Adjustment for Career Banding; 3% Across-the-Board; 3.3% Health Insurance.
- FY12 – 0% PACE; 0% Across-the-Board; 0% Health Insurance. One-time payment to permanent, non-probationary state employees equaling 5%, 3.4%, or 1.7% of the individual's annual salary depending on their longevity. (No increase to base in FY12.)
- FY11 – 0% PACE; 0% Across-the-Board; 6.3% Health Insurance
- FY10 – 0% PACE; 0% Across-the-Board; 0% Health Insurance

### **Interagency Billings**

- ✓ **Data is not broken out so only have information on the Governor's Office as a whole so information for the Interagency Billings is not included.**

